

Message Text

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ACTION EUR-12

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FM US MISSION EC BRUSSELS

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E.O. 11652 N/A

TAGS EFIN, EEC

SUBJECT DRAFT EC COMMISSION DIVISION TO EXTEND THE ITALIAN
PRIOR DEPOSIT SCHEME

REFS: EC BRUSSELS 7016

1. THE MISSION REPORTED IN REFTEL THE COMMISSION DECISION
TO EXTEND IN PRINCIPLE THE ITALIAN PRIOR DEPOSIT SCHEME FOR
THREE MONTHS.
A FINAL COMMISSION DECISION IS EXPECTED BEFORE THE END OF JULY.

2. WE HAVE OBTAINED ON A CONFIDENTIAL BASIS THE COMMISSION
PROPOSED DECISION REGARDING THIS EXTENSION. THE FOLLOWING ARE
EXCERPS OF THE SUBSTANTIVE PARTS OF THE PROPOSED TEXT WHICH
THE MISSION HAS INFORMALLY TRANSLATED. BEGIN TEXT:
"CONSIDERING THAT THE BALANCE OF PAYMENTS OF THE ITALIAN REPUBLIC
KEEPS SHOWING A WORRYING DEFICIT IN SPITE OF SEASONAL TOURIST
INCOME.

"CONSIDERING THAT, IN SUCH CIRCUMSTANCES, THE CANCELLATION,
AS OF AUGUST 5, 1976 OF THIS SAFEGUARD MEASURE WOULD, IN THE
PRESENT CIRCUMSTANCES, BRING ABOUT A DEPRECIATION OF THE LIRA,
WHICH WOULD INCREASE THE EXTERNAL IMBALANCE AND DOMESTIC
INFLATIONARY PRESSURES, AND THEREBY NEUTRALIZE THE BENEFITS

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WHICH HAVE BEEN GAINED FROM THIS MEASURE.

"CONSIDERING THAT THE TEMPORARY EXTENSION OF THE DEPOSIT WOULD ALLOW THE AUTHORITIES OF THE ITALIAN REPUBLIC, IN COORDINATION WITH THE COMMISSION, TO SET UP A STABILIZATION PROGRAM.

"THE ITALIAN REPUBLIC IS ALLOWED TO MAINTAIN FOR A DURATION OF THREE MONTHS ENDING ON NOVEMBER 5, 1976 THE PRIOR DEPOSIT SCHEME AUTHORIZED BY THE COMMISSION'S DECISION OF MAY 5, 1976.

" THE COMPETENT AUTHORITIES OF THE ITALIAN REPUBLIC SHOULD CONFER CLOSELY WITH THE COMMISSION IN THE PREPARATION AND IMPLEMENTATION OF MEASURES NECESSARY FOR THE RECOVERY OF THE ITALIAN ECONOMY AND PARTICULARLY TO RESPECT THE 1976 ECONOMIC POLICY CONDITIONS SET UP BY THE COUNCIL'S DECISION OF MARCH 5, 1976.

"DIFFICULTIES THAT MIGHT ARISE DURING THE APPLICATION OF AUTHORIZED MEASURES ARE BEING EXAMINED IN COMMON BY THE ITALIAN REPUBLIC AND THE COMMISSION.

"THE COMMISSION PRESERVES THE RIGHT TO MODIFY OR ABROGATE THE PRESENT DECISION BEFORE THE DATE SET IN ARTICLE 1, IF IT IS CLEAR (1) THAT THE CIRCUMSTANCES THAT HAVE BROUGHT IT ABOUT HAVE CHANGED, (2) THAT ITS RESTRICTIVE IMPACT IS NO LONGER REQUIRED OR (3) THAT IT HAS A PARTICULARLY SERIOUS IMPACT ON TRADE, PARTICULARLY ON AGRICULTURAL PRODUCTS WHICH ARE INCLUDED IN THE EC COMMON COMMERCIAL POLICY." END TEXT.MORRIS

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